

COVER PAGE

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I, Senzo Mngomezulu, declare that the information in this report is adequately researched with the information at my disposal and is correct and credible to the best of my knowledge.

Report writer's Signature S Mngomezulu Name In Block Letters Contact number: x5315 Date:	Manager's Signature C Da Cruz Name In Block Letters Contact number: x5319 Date:	Head of Section's Signature H Renald Name In Block Letters Contact number: x5091 Date:
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FINANCIAL REPORTING AS AT 28 FEBRUARY 2023

PURPOSE

To submit for noting the financial position of the uMhlathuze Municipality as at 28 February 2023 as required in terms of the Municipal Finance Management Act, 2003 (Act No 56 of 2003).

IDP STRATEGY AND OBJECTIVES

NATIONAL KPA 5: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT		
GOALS	OBJECTIVES	STRATEGIES
5.1 Sound Financial And Supply Chain Management	5.1.1 Compliance with financial legislation and policies	5.1.1.1 GRAP compliant
		5.1.1.2 mSCOA compliant
		5.1.1.3 Review of all related financial policies
		5.1.1.4 Compliance with all MFMA and relevant local government financial legislation
	5.2.1 Sustainable Financial management (Expenditure and Revenue)	5.2.1.1 Provide continuous Internal Communication and support on Budget and Financial Management matters
		5.2.1.2 Asset Accounting Management
		5.2.1.3 Accurate and timeous billing and receipting of revenue
		5.2.1.4 Apply Adequate Internal controls
		5.2.1.5 Accurate and timeous payments of creditors
		5.2.1.6 Apply adequate financial management methodologies
	5.3.1 Supply Chain Management	5.3.1.1 Demand and acquisition management
		5.3.1.2 Accurate contracts and logistics management
		5.3.1.3 Apply adequate financial management methodologies

BACKGROUND

Section 71 of the Municipal Finance Management Act (MFMA), (Act 56 of 2003) prescribes certain conditions that need to be complied with, in terms of the mentioned Act.

The Accounting Officer of the Municipality must report by no later than ten (10) working days after the end of each month to the Mayor and the relevant Provincial Treasury, a statement in the **prescribed format** on the state of the Municipality's budget.

Section 66 of the Municipal Finance Management Act further prescribes that all expenditure incurred by the Municipality on staff salaries, allowances and benefits be reported upon in a

format and for the prescribed period. It is considered appropriate to report on this section of the Act on a monthly basis to coincide with the reporting requirements of Section 71(1) of the Act.

As mentioned above, the MFMA Section 71 (1) refers to a prescribed format according to which the annual budget is required to be prepared. The National Treasury issued MFMA Circular No 51 (**DMS 633560**) in which this prescribed format was set out.

Furthermore, the National Treasury issued Municipal Budget and Reporting Regulations in terms of Government Gazette Number 32141 dated 17 November 2009. These regulations set out the manner in which Municipalities are required to prepare the 2010/2011 Budget as well as the in-year reporting effective from November 2010.

The objectives of the budget format reforms in terms of these regulations are:

- ❖ To ensure that the Municipal budget and financial reporting formats support the other financial management reforms introduced by the Municipal Finance Management Act (MFMA).
- ❖ To formalise the norms and standards governing Municipal Budget and Financial Reporting formats, so as to improve the credibility, sustainability, transparency, accuracy and reliability of budgets and in-year reports of Municipalities.
- ❖ To improve Council's ability to deliver basic services to all by addressing issues of financial sustainability.
- ❖ To facilitate informed policy choices by Council and medium term planning of service delivery by aligning targets to achieve backlog elimination.

The Minister of Finance has, in terms of Section 168 of the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003) and acting with the concurrence of the Minister of Cooperative Governance and Traditional Affairs issued the Municipal Regulations on Standard Chart of Accounts as set out in Government Gazette No 37577 (**DMS 974357**) dated 22 November 2014.

These Regulations apply to all Municipalities and Municipal entities and indicate its applicability and relevance to each specific Municipal environment while accommodating organisational uniqueness and structural differences. These regulations took effect from 1 November 2017.

The objective of these regulations is to provide for a national standard, uniform recording and classification of municipal budget and financial information at transactional level by prescribing a standard chart of accounts for municipalities.

Once these regulations are effective, the financial reporting will be aligned (budget reporting and financial statements reporting). The regulations require that the financial system used by Municipalities must be compliant with the Standard Chart of Accounts. This means that the financial systems of Municipalities must be capable to accurately record all financial transactions in terms of the required segments. The current financial system used by the Municipality does not provide for the recording of financial transactions as required by the regulations.

The implementation of these regulations requires that the Municipality must proactively procure a financial system solution that will be compliant with the Standard Chart of Accounts. Of similar importance is the provision for training of responsible officials to ensure that they attend the trainings and workshops to be provided by the National Treasury.

In terms of Council Resolution 8901 dated 26 November 2013, Council was selected as a Pilot Site for the mSCOA implementation.

Section 1 of the MFMA defines the Service Delivery and Budget Implementation Plan (SDBIP) as:

“A detailed plan approved by the Mayor of a municipality in terms of Section 53(l)(c)(ii) for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate:

- (a) *Projections for each month of-*
 - (i) *Revenue to be collected, by source; and*
 - (ii) *Operational and capital expenditure, by vote.”*

Component 1, comprised of actual revenue collected by source and Component 2, comprised of actual operational and capital expenditure by vote for the month of February 2023 is included under **Annexures AA and AB (DMS 1586826)**.

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PART 1 - IN-YEAR REPORTING

1. MAYOR'S REPORT FOR THE MONTH OF FEBRUARY 2023

In terms of the Budget Regulations, Part 1 in-year reporting, the Mayor is required to provide a report / comments on:

- “(a) a summary of whether the Municipality's budget is being implemented in accordance with the service delivery and budget implementation plan and any service delivery agreements with municipal entities;

The Mayor has considered the Section 71 report for the month of February 2023, and the performance of the Municipality against its budget is in line with the adjusted budget that was approved by Council in January 2023. A detail of all the points highlighted by the Mayor is included in the report.

Operational Budget

The monthly budget statement summary (Table C1) for the month of February 2023 (year to date actual) shows a deficit of R101 million. The performance in this area is **Not Acceptable**. The deficit of R101 million is an indicator of strain on the municipal operating budget. Departments are urged to prioritise spending their budget on service delivery other than administrative expenditure.

There is also an increase of over-expenditure requests from departments. This type of requests should be the last resort for departments after they identified their own savings. The CFO is not approving any over-expenditure requests because there are no additional funds instead there is an increase in deficit.

Capital Budget

Council is in the third quarter of the financial year and capital expenditure is at R609 million (56,31%). This is based on the Adjusted Budget of R1,081 billion. The performance in this area is **Acceptable**.

Cash Flow

In terms of Council's Adopted Working Capital Policy, the objective is for Working Capital to be two (2) times the average monthly creditors of the municipality. This ratio currently sits at 0,65:1 (Cash in Bank against average monthly liability's – R193 771/R300 900). This is below the norm therefore the performance in this area is **Not acceptable**.

2. RESOLUTIONS

Refer to the recommendations contained in this report.

3. **EXECUTIVE SUMMARY**

This section deals with the financial status of the Municipality at an executive level and highlights matters that are of particular importance from the Chief Financial Officer's perspective.

3.1 **Operating Budget**

The following table represents an executive summary for the financial period ended 28 February 2023:

DESCRIPTION	ADJUSTED BUDGET 2022/2023	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL FEBRUARY 2023 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Revenue	4 003 702 700	2 624 915 418	2 512 188 898	95,71%
Expenditure	4 159 611 500	2 698 207 605	2 613 195 690	96,85%
Operating Surplus/(Deficit)	(155 908 800)	(73 292 186)	(101 006 792)	

3.2 **Cash Flow Situation**

Council's Working Capital Policy:

In terms of Council's Adopted Working Capital Policy, the objective is for the Working Capital to be two (2) times the average monthly creditors of the municipality. This ratio currently sits at 0,65:1 (193 771/300 600). Part of the reason for the low cash coverage is due to the fact that the Municipality has not taken up its capital loan as yet of which R373 million has been spent to date.

3.3 Grants Balances

DESCRIPTION OF GRANT	ADJUSTED GRANTS BUDGET 2022/23	AMOUNT RECEIVED AS AT 28/02/2023	ACTUAL EXPENDITURE AS AT 28/02/2023	% EXPENDITURE TO AMOUNT RECEIVED	% EXPENDITURE TO TOTAL	COMMENTS
NATIONAL TREASURY						
Equitable Share	471 939 000	341 369 000	314 626 000	92%	67%	In terms of the Constitution, this allocation is to provide for an equitable sharing of National Revenue. This grant is primarily for the provision of basic municipal Services.
Intergrated Urban Development Grant-IUDG	147 172 000	88 303 000	93 301 117	106%	63%	IUDG aims to provide funding for public investment in infrastructure for the poor and to promote increased access to municipal own sources of capital finance in order to increase funding for investment in economic infrastructure. Although expenditure is more than what is recieved, third trench is expected to be recieved in March 2023.
Financial Management Grant	2 500 000	2 500 000	1 306 232	52%	52%	Spending is in accordance with the support plan submitted to National Treasury for the grant. Most of the expenditure is planned for the current and last quarter for this financial year.
Water services infrastructure grant	50 000 000	10 000 000	12 831 545	128%	26%	To facilitate the planning, acceleration and implementation of various projects that will ensure water supply to communities identified as not receiving a basic water supply service. Payment of the remaining balance of the grant is expected in March 2023
Extended Public Works Pogramme	3 213 000	2 250 000	1 430 998	64%	45%	The grant is for the operational expenditure for EPWP. Expenditure shown is the total actual operating costs of the EPWP for the period under review.
Energy Efficiency and Demand Management	5 000 000	2 000 000	3 994 975	200%	80%	To provide subsidies to municipalities to implement energy efficiency and demand side management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency. Payment of the remaining balance of the grant is expected in March 2023
TOTAL NATIONAL TREASURY GRANTS	679 824 000	446 422 000	427 490 868	96%	63%	

DESCRIPTION OF GRANT	ADJUSTED GRANTS BUDGET 2022/23	AMOUNT RECEIVED AS AT 28/02/2023	ACTUAL EXPENDITURE AS AT 28/02/2023	% EXPENDITURE TO AMOUNT RECEIVED	% EXPENDITURE TO TOTAL	COMMENTS
PROVINCIAL TREASURY	R	R	R	%	%	
Provincialisation of Libraries	9 593 000	9 593 000	21 583 438	225%	225%	Expenditure shown is the total actual operating costs of the Libraries for the period under review. The allocation was received in the current period under review.
Community Library Services Grant (Cyber cadets)	2 032 000	2 032 000	1 941 505	96%	96%	Expenditure shown is the total actual operating costs of the Cyber cadets for the period under review. The allocation was received in the current period under review.
Housing Operating Account	3 177 000	3 394 084	11 415 311	336%	359%	Expenditure shown is the total actual operating cost of the Human Settlements Section excluding Hostel Operating costs for the period under review.
Museum Subsidy	235 000	235 000	2 326 450	990%	990%	Expenditure shown is the total actual operating costs of the Museum for the period under review.
Sports and Recreation - Capital	10 944 000	-	-		0%	This grant is for capital to help build sports facilities and develop sports and recreation,
TOTAL PROVINCIAL TREASURY GRANTS	25 981 000	15 254 084	37 266 704	244%	143%	
TOTAL GRANTS AND SUBSIDIES	705 805 000	461 676 084	464 757 572	101%	66%	

3.4 Capital Budget Summary

The table below represents Capital Expenditure incurred as at 28 February 2023:

FUNCTION	ADJUSTED BUDGET 2022/2023	ACTUAL FEBRUARY 2023 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Finance and Administration	113 382 900	79 066 546	69,73%
Community and Social Services	42 182 700	6 231 155	14,77%
Energy Sources	56 265 400	44 754 060	79,54%
Executive and Council	106 000	28 804	27,17%
Environmental Protection	4 500 000	422 245	9,38%
Air Transport - Air port	14 800 000	2 902 516	19,61%
Planning and Development	50 420 500	335 840	0,67%
Public Safety	2 399 900	952 458	39,69%
Road Transport	112 433 200	31 519 635	28,03%
Sport and Recreation	220 066 100	92 642 810	42,10%
Waste Management	10 872 800	264 399	2,43%
Waste Water Management	103 409 900	72 359 014	69,97%
Water	350 769 300	277 553 963	79,13%
	1 081 608 700	609 033 445	56,31%

SOURCE OF FUNDING	ADJUSTED BUDGET 2022/2023	ACTUAL FEBRUARY 2023 (YTD)	% OF ADJUSTED BUDGET SPENT
	R	R	%
Borrowing	598 387 100	373 097 615	62,35%
Capital Replacement Reserve	259 363 600	125 513 422	48,39%
Integrated Urban Development Grant	139 814 000	94 286 845	67,44%
Government Grants - National	72 600 000	15 038 796	20,71%
Government Grants - Provincial	11 444 000	1 096 767	9,58%
TOTAL	1 081 608 700	609 033 445	56,31%

3.5 Expenditure per Category

The table below represents operating expenditure per category incurred as at 28 February 2023:

EXPENDITURE BY TYPE	ADJUSTED BUDGET 2022/2023	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL FEBRUARY 2023 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Employee related costs	1 142 648 200	714 780 458	702 382 349	98,27%
Remuneration of Councillors	37 291 100	23 117 648	21 834 316	94,45%
Debt Impairment	172 510 200	115 764 939	116 856 710	100,94%
Depreciation and asset impairment	340 536 500	222 404 948	220 395 939	99,10%
Finance Charges	88 221 900	53 146 514	49 594 694	93,32%
Bulk Purchases - Electricity	1 236 241 700	825 227 157	831 336 981	100,74%
Inventory consumed - Water	401 327 100	254 600 000	195 245 744	76,69%
Inventory consumed - Materials	171 908 300	114 605 533	120 539 854	105,18%
Contracted Services	464 066 000	250 407 887	216 404 859	86,42%
Transfers and grants	9 528 000	7 873 194	6 612 102	83,98%
Other Expenditure	350 506 800	223 601 300	212 957 569	95,24%
Losses - Water Inventory (note 1)	214 797 800	205 992 759	234 337 742	113,76%
Inventory consumed - Capitalisation (note 2)	(469 972 100)	(313 314 733)	(315 303 170)	100,63%
TOTAL	4 159 611 500	2 698 207 605	2 613 195 690	96,85%

The above table represents operating expenditure per category as at 28 February 2023.

Given that the Municipality has a budgeted deficit for the year of R155 Million, ideally the Administration must attempt **to shave off between 3 to 5 percent** of the operational expenditure in order to bring stability to the operational finances.

- **Inventory Consumed – Materials** – Materials are drawn at a higher rate than normal. Currently materials is sitting at 105,18% over year to date budget which is 5,18% higher. The most concerning part is the stock issued that have not yet been captured on SAP due to insufficient funds which will increase expenditure even more. The Departments are requested to protect materials and be used for what it's intended to maintain municipal infrastructure.
- **Losses – Water Inventory** - Of specific concern is that **Water losses** are increasing at an alarming rate. See table below where Potable Water (Drinking Water) has **now risen to 54% from an anticipated loss of 33%**.

Note 1 and 2 above:

In terms of Version 6.5 of the mSCOA Chart it is required that municipalities account for their water purchases, water production as well their losses in accordance with the water balance model. This model has been derived after consultation with the National Water and Sanitation Department and will ensure that water inventory is correctly reflected.

Water Inventory - in Rands						
Water Inventory	Original Budget			Year to Date Actuals		
	Total	Potable	Clarified	Total	Potable	Clarified
	R	R	R	R	R	R
Output						
Inventory consumed - Water Billed (Authorised)	395 165 900	371 793 500	23 372 400	193 312 618	180 673 389	12 639 229
Inventory consumed - Water Unbilled (Authorised)	6 161 200	5 884 700	276 500	1 933 126	1 806 734	126 392
Total - Inventory consumed - Water	401 327 100	377 678 200	23 648 900	195 245 744	182 480 123	12 765 621
Loss - Water Inventory	214 797 800	210 792 600	4 005 200	233 500 375	230 390 039	3 110 336
Total Water Inventory (Consumed plus losses)	616 124 900	588 470 800	27 654 100	428 746 119	412 870 162	15 875 957

Water Inventory - in Units (kl)						
Water Inventory	Original Budget			Year to Date Actuals		
	Total	Potable	Clarified	Total	Potable	Clarified
	kl	kl	kl	kl	kl	kl
Output						
Inventory consumed - Water Billed (Authorised)	35 474 796	30 842 250	4 632 546	17 491 971	15 789 527	1 702 444
Inventory consumed - Water Unbilled (Authorised)	542 980	488 168	54 812	174 920	157 895	17 024
Total - Inventory consumed - Water	36 017 776	31 330 418	4 687 358	17 666 891	15 947 423	1 719 468
Loss - Water Inventory	18 074 971	17 284 759	790 212	20 884 102	20 050 152	833 950
% Loss - Water Inventory	33,4%	35,6%	14,4%	54,2%	55,7%	32,7%
Total Water Inventory (Consumed plus losses)	54 092 747	48 615 177	5 477 570	38 550 993	35 997 575	2 553 418

3.6 Revenue per Category

The source of funding for the above comprises the following revenue categories:

REVENUE BY SOURCE	ADJUSTED BUDGET 2022/2023	PRO-RATA ADOPTED BUDGET (YTD)	ACTUAL FEBRUARY 2023 (YTD)	% PRO-RATA ADJUSTED BUDGET SPENT
	R	R	R	%
Rates	680 990 200	458 426 757	428 364 256	93,44%
Service Charges – Electricity revenue	1 866 242 400	1 214 290 178	1 202 165 209	99,00%
Service Charges – Water revenue	491 148 100	332 940 625	327 741 174	98,44%
Service Charges – Sanitation revenue	114 066 300	74 982 906	71 488 904	95,34%
Service Charges – Refuse revenue	106 813 300	71 633 674	70 827 145	98,87%
Rental of facilities and equipment	6 976 500	4 651 000	6 572 434	141,31%
Interest earned – external investments	66 700 000	44 466 667	19 959 146	44,89%
Interest earned – outstanding debtors	28 000	18 667	-	0,00%
Fines, penalties and forfeits	57 691 000	38 460 667	2 552 595	6,64%
Licences and permits	3 525 900	2 350 600	1 798 936	76,53%
Agency services	6 179 400	4 119 600	4 331 884	105,15%
Operating Transfers and Subsidies	525 345 100	351 850 613	357 743 704	101,67%
Other Revenue	40 085 200	26 723 467	18 643 512	69,76%
Gains - Employee related costs	37 911 300	-	-	0,00%
TOTAL OPERATING REVENUE	4 003 702 700	2 624 915 418	2 512 188 898	95,71%

The above table represents operating revenue per category as at 28 February 2023.

3.7 Creditors Age Analysis

Creditors age analysis by customer type:

Creditors Age Analysis By Customer Type	0 - 30 Days	31 - 60 Days	61 - 90 Days	181 Days - 1 Year	Over 1 Year	Total
	R		R	R	R	R
Bulk Electricity	95 307 941	-		-	-	95 307 941
Bulk Water	18 989 470	23 117 475		-	-	42 106 945
PAYE deductions	16 022 710	-	-	-	-	16 022 710
Pensions / Retirement deductions	12 921 962	-	-	-	-	12 921 962
Trade Creditors	2 802 268	-	1 307 504	7 813 591	1 099 362	13 022 725
Total By Customer Type	146 044 352	23 117 475	1 307 504	7 813 591	1 099 362	179 382 284

The above table represents the ageing of creditors outstanding as at 28 February 2023. As per the National Treasury Circular 71 uniform ratios the formula to calculate the creditors payment period is as follows - *Trade creditors outstanding/credit purchases (operating and capital) x 365*. Based on the formula, the creditors payment period as at end of February 2023 is **27 days**. It must be noted that amounts over 90 days are invoices that were accrued due to year-end cut-off. However, the final signoff and verification still needs to be done by User Departments.

3.8 Debtors Report

FINANCIAL REPORTING ON INCOME / DEBT

DEBTORS AGE ANALYSIS BY CATEGORY	0-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS	TOTAL
Organs of State	147 682 279	14 994 114	33 132 901	207 956 545	403 765 840
Business	145 793 864	5 435 491	3 891 197	78 595 704	233 716 256
Households	44 857 445	7 298 793	5 897 081	204 955 256	263 008 575
Other	1 015 526	361 384	350 287	4 554 419	6 281 616
Total	339 349 114	28 089 783	43 271 467	496 061 924	906 772 287
%	37,42%	3,10%	4,77%	54,71%	

Section 216 (1)(c) of the Constitution and Section 2 of the Municipal Finance Management Act (MFMA) enable the National Treasury to introduce uniform Treasury norms and standards to ensure sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities. The National Treasury determined the formulas for every financial ratio in terms of Circular 71. These formulas will, therefore be used in the reporting.

Debt Collection Rate

The Ratio indicates the collection rate; *i.e.* level of payments. It measures increases or decreases in Debtors relative to annual billed revenue. The following formula and norm is included in the Circular:

Formula (As per circular 71)	Norm
Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100	The norm is 95%

PAYMENT RATIO					
RATIO	FORMULA	NORM / RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION
1 Collection Rate - Rolling 12 Months	Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100	95%		101%	Please refer to page 5 of MFMA Circular No. 71
			Gross Debtors closing balance February 2023	906 221 038	
			Gross Debtors opening balance March 2022	964 977 609	
			Bad debts written Off February 2022 to January 2023	29 739 962	
			Billed Revenue March 2022 - February 2023	3 205 587 648	

➤ Net Debtors Days

This ratio reflects the collection period. Net Debtor Days refers to the average number of days required for a Municipality or Municipal Entity to receive payment from its consumers for bills/invoices issued to them for services. The Ratio excludes balances for Debtors, which the Municipality or Municipal Entity has assessed as potentially irrecoverable, and is also a good indication of the effectiveness of credit control procedures within the Municipality as well as the extent to which the Municipality has provided for doubtful Debts:

Formula (As per circular 71)	Norm
(Gross Debtors - Bad Debt Provision) / Billed Revenue) × 365	The norm is 30 Days

NETT DEBTORS IN DAYS					
RATIO	FORMULA	NORM / RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION
2 Net Debtors Days	((Gross Debtors - Bad Debt Provision) / Billed Revenue)) × 365	30 days		86,46 days	Please refer to page 6 of MFMA Circular No. 71
			Gross Debtors closing balance February 2023	906 221 038	
			Bad debts Provision 2022 / 2023	146 879 700	
			Billed Revenue March 2022 - February 2023	3 205 587 648	

➤ **Top 10 Debtors**

TOP TEN DEBTORS FROM ALL CATEGORIES							
Account No	Consumer Type	0-30 days	31-60 Days	61-90 Days	91-120 Days	121 days +	Total
1088329	STATE OWNED	6 566 410	11 188 990	6 468 349	5 529 719	76 891 877	106 645 346
501543	STATE OWNED	-	8 115 876	2 284 845	4 503 801	66 267 215	81 171 737
1854904	PRIVATE BUSINESS	-	-	-	-	22 377 590	22 377 590
551583	STATE OWNED	2 017 160	1 102 526	1 100 021	1 088 143	10 445 056	15 752 906
1610626	PRIVATE BUSINESS	-	-	-	-	6 106 823	6 106 823
416383	PRIVATE BUSINESS	227 664	75 888	75 888	-	5 213 482	5 592 921
2289941	PRIVATE BUSINESS	-	-	-	-	5 044 907	5 044 907
1632348	STATE OWNED ENTITIES	570 783	1 208 312	-	1 056 147	4 693 793	7 529 034
2328365	STATE OWNED ENTITIES	-	-	-	-	4 615 650	4 615 650
2273109	STATE OWNED	700	-	-	-	3 853 332	3 854 032
		9 382 717	21 691 592	9 929 103	12 177 810	205 509 723	258 690 946

Government Debt

Government debtors shown as follows:

GOVERNMENT DEPARTMENTS						
National Departments	0-30 days	31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
National Public Works	10 484 282	1 540 844	374 031	304 082	2 889 159	15 592 398
Dept of Agriculture and Rural Development & land Reform	9 527	-	-	-	13 186	22 714
Department of Water Affairs and Sanitation	-	-	-	-	-2 128 862	-2 128 862
	10 493 810	1 540 844	374 031	304 082	773 483	13 486 250
Provincial Departments		31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
Public Works	70 147	33 594	33 086	-170 873	4 320 359	4 286 312
Education	3 282 178	287 458	338 395	245 393	2 371 084	6 524 508
Tvet Colleges	2 733 988	429 228	272 337	1 287	1 817 399	5 254 239
Human Settlement	84 232	6 807	4 271	4 180	629 391	728 880
Department of Transport	260 082	122 781	119 272	78 103	349 385	929 623
Department of Health	2 923 327	-66 611	49 844	36 442	4 340 069	7 283 071
Department of Social Welfare	199 731	3 379	-	-	-	203 110
	9 553 686	816 635	817 204	194 533	13 827 686	25 209 744
Other Organs of State		31-60 Days	61-90 Days	91-120 Days	121 days plus	Total
Transnet	8 650 147	8 105	-156 641	5 005	-218 849	8 287 768
ESKOM	138 962	685	2 218	2 019	60 992	204 876
Ingonyama Trust Board	-	-	-	-	11 406 271	11 406 271
Telkom	678 619	699	798	694	3 944	684 754
Foskor	10 923 920	11 994,55	11 994,55	11 994,55	1 668 919,73	12 628 823,53
SA Post Office	15 354	8 758	7 765	-	-8 701	23 176
Richards Bay IDZ	3 013 276	-	-	-	-	3 013 276
Mhlathuze Water Board	4 302 388	1 481	21 328 768	-	-1	25 632 636
King Cetshwayo District Municipality	20 172 681	12 150 136	10 266 207	12 635 979	157 494 465	212 719 469
	47 895 348	12 181 859	31 461 109	12 655 693	170 407 042	274 601 050

3.9 Employee Debt / Councillor Debt

At the previous Financial Services Portfolio Committee meeting, Councillors requested that Officials' and Councillors' debt be submitted to Council.

Employees' debt amounts to R392 363,74 as per **Annexure AD - DMS 1586826**.

Councillors' debt amounts to R19 606,35 as per **Annexure AC - DMS 1586826**.

3.10 Circular 71 Uniform Financial Ratios

Circular 71 financial ratios covers various aspects of a municipality's finances, such as financial position, financial performance and budget implementation. These ratios also aid in long-term financial planning and can be used to track progress over a number of years. Norms or standards have been assigned to each financial ratio.

This template is included as **annexure AF on DMS 1586826**.

4. **IN-YEAR BUDGET STATEMENT TABLES**

The following monthly budget statement tables (**DMS 1587533**) respectively have been prepared in accordance with the Municipal Budgeting and Reporting Regulations:

TABLE NUMBER	DESCRIPTION	ANNEXURE
Table C1	Monthly Budget Statement Summary	A
Table C2	Monthly Budget Financial Performance (Standard Classification)	B
Table C2C	Monthly Budget Financial Performance (Detail) (Standard Classification)	C
Table C3	Monthly Budget Financial Performance (Revenue and Expenditure by Municipal Vote)	D
Table C3C	Monthly Budget Financial Performance (Detail) (Revenue and Expenditure by Municipal Vote)	E
Table C4	Monthly Budget Financial Performance (Revenue by source and Expenditure by Item)	F
Table C5	Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding	G
Table C5C	Monthly Budgeted Capital Expenditure Budget by vote, standard classification and funding	H
Table C6	Monthly Budgeted Financial Position	I
Table C7	Monthly Budgeted Cash Flows	J
Table SC1	Material variance explanations	K
Table SC2	Monthly Performance indicators	L
Table SC3	Aged Debtors	M
Table SC4	Aged Creditors	N
Table SC5	Investment Portfolio	O
Table SC6	Transfers and grant receipts	P
Table SC7(1)	Transfers and grant expenditure	Q
Table SC7(2)	Expenditure Against Approved Rollovers	R
Table SC8	Councillor and Staff Benefits	S
Table SC9	Monthly actuals and revised targets for cash receipts (cash flow)	T
Table SC12	Monthly capital expenditure trend	U
Table SC13a	Monthly capital expenditure on new assets by asset class	V
Table SC13b	Monthly capital expenditure on the renewal of existing assets by asset class	W
Table SC13c	Monthly repairs and maintenance expenditure by asset class	X
Table SC13d	Monthly depreciation by asset class	Y
Table SC13e	Monthly capital expenditure on upgrading of existing assets by assets class	Z

PART 2 - SUPPORTING DOCUMENTATION

5. DEBTORS ANALYSIS

Refer to supporting table SC3 - Aged Debtors (**Annexure M**) (**DMS 1587533**) for the month ended 28 February 2023.

6. CREDITORS ANALYSIS

Refer to supporting table SC4 - Aged Creditors (**Annexure N**) (**DMS 1587533**) for the month ended 28 February 2023.

7. INVESTMENT PORTFOLIO ANALYSIS

Refer to supporting table SC5 - Investment Portfolio (**Annexure O**) (**DMS 1587533**) for the month ended 28 February 2023.

8. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Refer to supporting table SC6 - Transfers and grant receipts (**Annexure P**) (**DMS 1587533**) and supporting table SC7 - transfers and grant expenditure (**Annexure Q**) (**DMS 1587533**) for the month ended 28 February 2023.

9. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Refer to supporting table SC8 - Councillor and staff benefits (**Annexure R**) (**DMS 1587533**) for the month ended 28 February 2023.

10. CAPITAL PROGRAMME PERFORMANCE

Refer to the following tables for the month ended 28 February 2023:

- ❑ Table C5 - Monthly Budgeted Capital Expenditure Budget by Vote, standard classification and funding (**Annexure G**) (**DMS 1587533**).
- ❑ Table C5C - Monthly Budgeted Capital Expenditure Budget by Vote, standard classification and funding (**Annexure H**) (**DMS 1587533**).
- ❑ Table SC12 - Monthly capital expenditure trend (**Annexure U**) (**DMS 1587533**).
- ❑ Table SC13a - Monthly capital expenditure on new assets by asset class (**Annexure V**) (**DMS 1587533**).
- ❑ Table SC13b - Monthly capital expenditure on the renewal of existing assets by asset class (**Annexure W**) (**DMS 1587533**).
- ❑ Table SC13c - Monthly repairs and maintenance expenditure by asset class (**Annexure X**) (**DMS 1587533**).
- ❑ Table SC13d - Monthly depreciation by asset class (**Annexure Y**) (**DMS 1587533**).
- ❑ Table SC13e - Monthly capital expenditure on upgrading of existing assets by assets class (**Annexure Z**) (**DMS 1587533**).

11. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

Refer to **DMS 1587973 (Annexure AE)**.

ENVIRONMENTAL IMPLICATIONS

None

FINANCIAL IMPLICATIONS

This has been covered in details throughout the report.

LEGAL IMPLICATIONS

The monthly financial report is prepared in terms of Section 71 of the Municipal Finance Management Act, 2003 (MFMA), (Act 56 of 2003).

COMMENTS OF THE CHIEF FINANCIAL OFFICER

Refer to the Executive Summary contained in this report for comments.

COMMENTS OF THE CITY MANAGER

The report is noted by the Office of the City Manager.

RECOMMENDED THAT:

1. the financial position of the uMhlathuze Municipality as at 28 February 2023, as required in terms of Section 71 and Section 66 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) and as set out in the monthly budget statement tables **(DMS 1587533)**, be noted.